

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FTX TRADING LTD., *et al.*,¹

Debtors.

Chapter 11

Case No. 22-11068 (KBO)

(Jointly Administered)

Ref Nos. 26404, 28102, 28103, 28689, 31085,
31086, 31822, 34248 & 34249

**SECOND AMENDED NOTICE OF PROPOSED REDUCTION OF
DISPUTED CLAIMS RESERVE AMOUNT**

PLEASE TAKE NOTICE that on October 8, 2024, this Court entered the *Findings of Fact, Conclusions of Law and Order Confirming the Second Amended Joint Chapter 11 Plan of Reorganization of FTX Trading Ltd. and Its Debtor Affiliates* [D.I. 26404] (the “Confirmation Order”) confirming the *Second Amended Joint Chapter 11 Plan of Reorganization of FTX Trading Ltd. and Its Debtor Affiliates* [D.I. 26404-1] (the “Plan”).²

PLEASE TAKE FURTHER NOTICE that on November 20, 2024, the Debtors filed the *Motion of Debtors for Entry of an Order Establishing the Amount of the Disputed Claims Reserve* [D.I. 28102] (the “Motion”) and the *Declaration of Steven P. Coverick in Support of the Motion of Debtors for Entry of an Order Establishing the Amount of the Disputed Claims Reserve* [D.I. 28103] (the “Coverick Declaration”).

PLEASE TAKE FURTHER NOTICE that on December 11, 2024, this Court

¹ The last four digits of FTX Trading Ltd.’s and Alameda Research LLC’s tax identification numbers are 3288 and 4063, respectively. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://cases.ra.kroll.com/FTX>.

² The FTX Recovery Trust (a/k/a the Consolidated Wind Down Trust) was established on January 3, 2025, the effective date of the Debtors’ confirmed *Second Amended Joint Chapter 11 Plan of Reorganization of FTX Trading Ltd. and its Debtor Affiliates* [D.I. 26404-1] (the “Plan”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

granted the Motion and entered the *Order Establishing the Amount of the Disputed Claims Reserve* [D.I. 28689] (the “Order”). The Order, among other things, established a Disputed Claims Reserve based on an aggregate amount of Disputed Claims in an amount of \$6.533 billion (the “Original Reserve Amount”).

PLEASE TAKE FURTHER NOTICE that on June 27, 2025, the FTX Recovery Trust filed the *Notice of Proposed Reduction of Disputed Claims Reserve Amount* [D.I. 31085] (the “First Notice”) and the *Declaration of Steven P. Coverick in Support of Proposed Reduction of Disputed Claims Reserve Amount* [D.I. 31086] (the “Second Coverick Declaration”).

PLEASE TAKE FURTHER NOTICE that on July 23, 2025, this Court entered the *Order Reducing the Amount of the Disputed Claims Reserve* [D.I. 31822] (the “Reserve Reduction Order”). The Reserve Reduction Order reduced the Original Reserve Amount by \$1.93 billion to \$4.599 billion (the “Revised Reserve Amount”).

PLEASE TAKE FURTHER NOTICE that on January 2, 2026, the FTX Recovery Trust filed the *Second Notice of Proposed Reduction of Disputed Claims Reserve Amount* [D.I. 34248] (the “Second Notice”) and the *Declaration of Steven P. Coverick in Support of Second Proposed Reduction of Disputed Claims Reserve Amount* [D.I. 34249] (the “Third Coverick Declaration”).

PLEASE TAKE FURTHER NOTICE that due to the FTX Recovery Trust’s further progress administering and reconciling claims, the FTX Recovery Trust is submitting this notice (this “Notice”), which amends and supersedes in full the Second Notice. This Notice is submitted in accordance with paragraph 6 of the Order to adjust the Revised Reserve Amount. The FTX Recovery Trust hereby intends to reduce the Revised Reserve Amount by

\$2.22 billion to \$2.38 billion (the “Further Revised Reserve Amount”). In support of the Notice, the FTX Recovery Trust is filing an updated Declaration of Steven P. Coverick (the “Fourth Coverick Declaration”), which attaches an updated version of the Disputed Claims Reserve schedule previously attached as Exhibit 1 to the Third Coverick Declaration.

PLEASE TAKE FURTHER NOTICE that as of the filing of the Fourth Coverick Declaration, the FTX Recovery Trust has reconciled approximately \$9.8 billion of Claims. (Fourth Coverick Decl. ¶ 6.) To reconcile Claims, the FTX Recovery Trust and its advisors (including counsel) have, among other things, been reviewing each Claim against the Debtors’ books and records to determine the validity and appropriate amount of each Claim, seeking and analyzing supporting documentation associated with such Claim, evaluating applicable law implicated by such Claim, and, where appropriate, objecting to such Claim and/or engaging in negotiations with the Holder of such Claim. (*Id.*)

PLEASE TAKE FURTHER NOTICE that to date, the Debtors and the FTX Recovery Trust have filed 211 omnibus and individual claims objections seeking to disallow and expunge, reclassify, or reduce over 36,800 asserted Claims in excess of \$84 quintillion. The FTX Recovery Trust’s reconciliation process is significant and remains ongoing. (*Id.* ¶ 7.)

PLEASE TAKE FURTHER NOTICE that since this Court entered the Reserve Reduction Order, these reconciliation and expungement efforts have led to a further net reduction of approximately \$2.22 billion of Disputed Claims. (*Id.* ¶ 8.) Approximately \$1.43 billion of Disputed Claims have become Allowed due to reconciliation, settlement, and KYC verification. An additional approximately \$785 million of Disputed Claims have been expunged or modified. Of the \$785 million expunged or modified Disputed Claims,

approximately \$220 million reflect Claims reconciliation, and approximately \$565 million were expunged or modified due to excess reserves associated with certain settled Claims and other stipulated Non-Customer Claims. (*Id.*)

PLEASE TAKE FURTHER NOTICE that in light of the reconciliation and expungement efforts since this Court entered the Reserve Reduction Order and based on all of the information currently available to the FTX Recovery Trust, the FTX Recovery Trust submits that the Revised Reserve Amount should be reduced by \$2.22 billion to the Further Revised Reserve Amount of \$2.38 billion. (*Id.* ¶ 9.)

PLEASE TAKE FURTHER NOTICE that as with the determination of the Original Reserve Amount and the Revised Reserve Amount, the FTX Recovery Trust used a rigorous process to determine the appropriate Further Revised Reserve Amount. (*Id.* ¶ 10.) The FTX Recovery Trust did not start with any “target” in mind. Rather, the FTX Recovery Trust and their advisors (including counsel) determined the appropriate Further Revised Reserve Amount based on (i) an analysis of the Debtors’ books, records and accounting system; (ii) scheduled Claims; (iii) filed proofs of claim and their supporting documentation; (iv) communications and agreements, if any, with claimants; (v) legal considerations associated with the Claims; (vi) expungements, objections, settlements and other reconciliations of Claims to date; and (vii) other relevant factors. (*Id.*)

PLEASE TAKE FURTHER NOTICE that informed by this work, the FTX Recovery Trust in its business judgment determined that reducing the Revised Reserve Amount by \$2.22 billion to \$2.38 billion is reasonable. (Fourth Coverick Decl. ¶ 11.) The Further Revised Reserve Amount is based on intentionally conservative assumptions, and includes approximately \$1.2 billion of remaining Disputed Claims over and above the amounts

that the FTX Recovery Trust projects will ultimately become Allowed Claims. (*Id.*) The FTX Recovery Trust believes that the Further Revised Reserve Amount strikes a careful and reasonable balance between enabling the FTX Recovery Trust to continue making distributions to the Holders of all Allowed Claims while not jeopardizing the potential recoveries to claimants holding Disputed Claims in the event such claims subsequently become Allowed Claims. (*Id.*)

PLEASE TAKE FURTHER NOTICE that all Disputed Claims will continue to have recourse to the Disputed Claims Reserve and the entirety of the Further Revised Reserve Amount, subject to the terms and provisions of the Plan. (*Id.* ¶ 12.)

PLEASE TAKE FURTHER NOTICE that, in accordance with paragraph 6 of the Order, any objection to the Further Revised Reserve Amount must be filed and served on the FTX Recovery Trust within 14 days of the date hereof. In the absence of any timely objections being filed, the FTX Recovery Trust shall submit a “Certificate of No Objection” requesting entry of an order authorizing the Further Revised Reserve Amount.

Dated: January 13, 2026
Wilmington, Delaware

LANDIS RATH & COBB LLP

/s/ Kimberly A. Brown

Adam G. Landis (No. 3407)
Matthew B. McGuire (No. 4366)
Kimberly A. Brown (No. 5138)
Matthew R. Pierce (No. 5946)
919 Market Street, Suite 1800
Wilmington, Delaware 19801
Telephone: (302) 467-4400
Facsimile: (302) 467-4450
E-mail: landis@lrclaw.com
mcguire@lrclaw.com
brown@lrclaw.com
pierce@lrclaw.com

-and-

SULLIVAN & CROMWELL LLP

Andrew G. Dietderich (admitted *pro hac vice*)
James L. Bromley (admitted *pro hac vice*)
Brian D. Glueckstein (admitted *pro hac vice*)
Alexa J. Kranzley (admitted *pro hac vice*)
125 Broad Street
New York, New York 10004
Telephone: (212) 558-4000
Facsimile: (212) 558-3588
E-mail: dietdericha@sullcrom.com
bromleyj@sullcrom.com
gluecksteinb@sullcrom.com
kranzleya@sullcrom.com

Counsel for the FTX Recovery Trust